



AR50



Highlights

As at October 31

	1974	1973	Increase %
Total Assets	\$2,556,838,709	\$2,089,586,952	22.4
Securities	375,937,422	346,815,043	8.4
Loans	1,588,664,797	1,284,619,439	23.7
Deposits	2,434,531,900	1,972,385,145	23.4
Balance of Revenue	25,853,621	20,330,987	27.2
Accumulated appropriations for losses	18,942,661	20,218,580	(6.3)
Shareholders' Equity	59,196,670	56,860,272	4.1
Net earnings per share	1.30*	1.15*	—
Dividends paid	0.92	0.83	10.8

*Based on the month end average of shares outstanding.

1974—5,845,865 shares

1973—5,561,032 shares

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Board of directors

Chairman of the Board and President of the Bank

*Léo Lavoie, Montréal

Vice-Presidents

*Cecil F. Carsley, M.B.E., Montréal
Chairman of the Board
Canvin Products Limited

*A.-Hervé Hébert, F.S.A., F.C.I.A.,
Lévis
President,
Hébert, LeHoullier & Ass. Inc.

François Adam, F.I.A.C., Lévis
President, La Société d'Assurances
des Caisses Populaires and General
Security Insurance Company of Canada

Marcel Bélanger, C.A., Québec
Partner, Bélanger, Dallaire,
Gagnon & Company

*Hervé Belzile, C.A., Montréal
President, Alliance Mutual Life
Insurance Company

Benoit Benoit, Saint-Hyacinthe
Chairman of the Board, La Compagnie
d'Assurance Générale de Commerce

Marc Bourgie, Montréal
President, Urgel Bourgie Limitée

Rodolphe Casgrain, Montréal
President,
Casgrain & Company Limited

Roland Chagnon, C.A., Montréal
President, Lallemand Inc.

*Charles-E. Demers, Eng., Québec
President, Komo Construction Inc.

Claude Ducharme, Q.C., Montréal
Partner, Desjardins, Ducharme,
Desjardins, Tellier, Zigby & Michaud

Gilbert Finn, Moncton
President,
Assumption Mutual Life
Insurance Company

Roland Giguère, Montréal
President and Chief Executive Officer
Télé-Métropole Inc.

J.-G. Hamelin, Montréal
President, L'Union Régionale de Montréal
des Caisses Populaires Desjardins

Paul-H. Plamondon, Québec
Executive President, Paquet Inc.

J.-Olier Renaud, Q.C., Montréal
Partner, Renaud & Renaud

*Geo.-E. Turcotte, Agr., Montréal
General Manager,
Federation of Cooperatives of Quebec

*Antoine Turmel, Sherbrooke
Chairman of the Board
and Chief Executive Officer,
Provigo Inc.

*Executive Committee Member

Executive officers of the bank

President and Chief Executive Officer

Léo Lavoie

Vice President and General Manager

Jean Machabée

Vice Presidents

Georges Fortin, Administration

Michel Lavoie, Operations

Gilles Mercure, International

Assistant General Managers

Maurice Bigras

Grégoire Doyon

Richard Lapointe

Antonio Malfara

Léon Pilon

Claude Primeau

Gilles Roch

Secretary General

René Cousineau

Superintendents

André Bérard, International

Gérald Markham, International

Lucien Tanguay, Investments

Robert Teasdale, Administration

Representative in United States

Armand Fournel, New York

Department Heads

Robert Allard, Investments

R. J. A. Béland, Master Charge

Michel Bellerose, Credit

Gaston Bertrand, Public Relations

Philippe Boutin, Systems

Alcide Dalpé, Inspection

Guy Duval, Credit (Québec)

Gaston Gauthier, Legal

Roger Gauthier, Mortgage Loans

Réal Hébert, Accounting

Georges Lachance, Bank Premises

Jacques Lamontagne, Personnel

Henry Mhun, Economic Research

Bernard Pellerin, Internal Auditing

Bertrand Rousseau, Securities

Germain St-Jean, Security

Raymond Séguin, Data Processing

Réal Tardif, Marketing

Paul Villers, Budget Loans

Regional Supervisors

Berthier Bélanger, Maritimes

Rhéul Brunelle, Eastern Townships-St. Maurice

Jean-Claude Falardeau, Ontario

René Fortier, Laurentians-Ottawa

Jacques Gagné, St. Lawrence Valley

Lawrence Labonté, Québec

Gérard Lacerte, Montréal

Napaul Poisson, Hochelaga

Roger Séguin, Laval

Address of the president

Considerable disturbances have marked the world economy since our latest annual meeting, and their true significance and probable duration are not easy to measure.

The World Economic and Monetary Situation

The upward trend in the general price level has accelerated and nearly everywhere the slowdown in economic growth has given rise to fears of recession. In this phase of "stagflation" (to borrow the jargon of economists), the spectacular four-fold upsurge in oil prices has caused a significant imbalance in the international payments system and a transfer of resources from consuming countries to the oil-producing nations. The adjustment and financing of the resulting deficits pose serious problems, beginning with the recycling of what have come to be known as petrodollars. The situation is particularly critical for the poorest among the developing countries, whose debt burden often reaches alarming proportions. The industrial nations are not affected to quite the same extent, but their need to finance heavy deficits creates severe tensions on financial markets and the stock market, as you know, has been hit hard. Problems all, which at the end of this year cloud our horizon and make the outlook uncertain.

No miracle solutions are in sight that would, in the short run, put an end to balances of payments in disequilibrium, or to galloping inflation. Recycling of petrodollars will probably continue to be a serious problem in 1975. As an endless accumulation of debt would lead to lower living standards, to recession and ultimately to bankruptcy, it is necessary to organize the transfer of capital funds, and to that effect set in motion a true dialogue between oil producing and consuming countries.

The increases in the price of oil and other primary commodities have reinforced inflationary pressures, while at the same time creating potentially deflationary forces. The crosscurrents in the world economy, which already combined inflationary trends and elements of stagnation, have thus gained strength. This means that guiding the economy, in most countries, has become a delicate operation. It is appropriate, on one hand, to apply an effective cyclical policy, in particular to bring about a better balance between expenditures and savings, while rejecting, naturally, the idea that a recession is the cure for inflation. On the other hand, it is necessary to extend and refine

structural policies, to improve productivity, to stimulate competition, to attack structural rigidities in the economy, all parts of the engine of inflation. Domestically, both courage and prudence are called for; internationally, an exceptional sense of cooperation on a world scale is the answer. But this is not a task impossible of achievement: it should be recalled that world leaders have solved much larger problems in the period after World War II.

Towards Another Great Depression?

Will the current instability lead us to a great depression comparable to the one of the 1930's, as some doomsayers predict? Frankly, I do not think so. In spite of some similarities between the situation prior to 1929 and current conditions, the environment in which today's economic and financial activities operate is basically different. When Wall Street collapsed on October 29, 1929, the crash was made possible by the inordinate freedom enjoyed by stock market speculators, buying shares on very low margin requirements. Today, these margins are very much higher. Generally speaking, money and capital markets are much more controlled and regulated. In this country, for instance, the Bank of Canada did not exist in 1929; the central bank was created in 1934 to respond to needs which in part had become evident during the Depression.



In the United States, the Federal Reserve Board had followed a most restrictive monetary policy from 1928 right up to 1932, resulting in severe deflation and numerous bankruptcies, with repercussion all over the world. Neither the Federal Reserve Board, nor central banks elsewhere, are about to make the same mistake. The rigidity of the old international monetary system, based on the gold exchange standard, obliged the leading nations, especially those with overvalued currencies, to defend their parity with gold, a policy which caused deflation at home. The system, moreover, did not survive the Depression. The present arrangement of floating exchange rates is undeniably far more flexible and offers more elbowroom for political action.

The leaders responsible for directing the economy, both on the national and international level, are much better equipped these days to guide the economy through heavy weather. Many radar instruments are available to avoid the reefs. Statistical and other data have been extended and refined since the 1930's. The policies for guiding the economy, while far from perfect, are supported by valuable tools not available in the earlier period.

Moreover, the framework of industrialized economies has changed considerably. Nowadays important economic stabilization programs are in existence, contrary to the 1930's. Largely funded by progressive taxation, transfer payments (such as family allowances, Medicare, old age pensions, unemployment benefits, etc.) help to keep up personal income and thus consumer demand, output and employment.

Last but not least, the interdependence of the world's economies has greatly strengthened international solidarity. The large institutions devoted to international cooperation, such as the World Bank, the International Monetary Fund, the Organization for Economic Cooperation and Development, to mention a few, have been created on the morrow of World War II for the purpose of international stabilization and cooperation. Certainly, their performance lacks perfection, but the institutional framework exists for concerted action and mutual aid. This much has been gained. The danger of a chain reaction is much better understood now than in 1929. All members of the international community know for sure that they are in the same boat, and if one of them falls overboard the whole craft may capsize. This has to be prevented. For all these reasons, I do not believe that current difficulties will deteriorate into a depression comparable to the 1930's.

The Canadian Business Outlook

Besides, this country is less affected than most by the consequences of the energy crisis. Canada actually exports a little more petroleum than it imports. As export prices have been raised to world levels by way of an export tax, its oil balance of trade has not suffered in 1974 from higher prices: import payments for crude in the East have been more than compensated by export revenues earned in the United States by the West. Canada is therefore in a privileged position. Actually, with the exception of Western Germany with its favorable balance of trade, it is the only large industrial country to escape from the serious problems caused by an energy deficit. The absence of such constraints is important for economic policy. The Canadian authorities, contrary to those of European countries and Japan, are not forced to take restrictive measures, such as import restrictions in particular, to pay their petroleum bills. In a period of economic slowdown, which we are experiencing now, this is an important advantage, because deflationary policies in such circumstances risk to set off a genuine recession.

In spite of its great sensitivity to outside influences, the Canadian economy bears up well compared to the conditions of most of our trade partners. Some stagnation has followed the strong expansion of the beginning of the year, but our growth is nevertheless better than almost everywhere else in the industrialized world. Undoubtedly, inflation remains by far the most pressing of our problems. But here, too, our record is better than that of the average members of OECD. This is partly due to the strength of the Canadian dollar, which makes imports less costly, and to domestic control of oil prices.

It is difficult, in the present uncertain and troubled phase of the business cycle, to make short-term forecasts. One would not be far off the mark, however, in stating that inflation probably will not slow down significantly in the coming year and that social conflicts will consequently continue. Indications are that reduced economic activity in the U.S. and elsewhere will still affect our exports, which have already lost some of their buoyancy this year. The weakness of external demand, in conjunction with similar conditions in some domestic sectors, notably housing, will continue to affect general economic activity during the months ahead; unemployment is likely to increase to some extent.

Address of the president

The Canadian economy nevertheless has elements of strength which will support economic activity despite the weaknesses noted. Consumer spending, which accounts for nearly two thirds of gross national expenditure, has been supported by rising incomes and remains at a high level. Private capital spending, after years of stagnation, is rapidly accelerating and will be one of the principal engines of activity next year. Finally, because of its expansionary nature, the budget presented on last November 18 will stimulate the economy. All things considered, Canada might, in 1975, show a moderate expansion, in the 2 to 3 per cent range. This is not, by any standards, a recession situation.

Long-term Outlook

Looking beyond the short term, it is clear that Canada occupies an exceptionally favorable position on the international scene. In a world of threatening shortages, our abundant natural resources are a blessing. In an environment of rapidly increasing demand for primary products and in some cases seriously declining reserves, Canada will remain one of the world's large suppliers of energy (oil, gas, uranium, coal) and of raw materials. Moreover, the exploitation of these resources offers an excellent potential for economic expansion, as history has already amply demonstrated. It is fitting, however, that federal and provincial authorities reach agreement on a precise and coherent strategy to be adopted for a greater transformation of these resources within Canada. It should be noted in this context that policies currently being formulated seem to be oriented in this direction, which is encouraging.

The development of these resources will reduce our dependence on foreign countries and consequently, future expansion will to a larger extent be achieved on our own steam. Our savings are growing and we are already less dependent on foreign capital than in the past for financing our expansion. The development of financial institutions, notably the banks, will undoubtedly permit us to respond effectively and judiciously to investment requirements, which will reach sizable proportions in future.

Finally, we have at our disposal, in the years to come, a labor force which continues to grow very rapidly in numbers and to improve in quality, especially in Quebec. Here again, our degree of dependence on outside assistance diminishes.

This does not mean that we are going to isolate ourselves from the world that surrounds us. We do not have the means to do so and even if we were tempted, competition would make it impossible. It would in any case be a great mistake. Canada, by the nature of things, will inevitably remain a country largely open to the world, its prosperity continuing to be dependent on the international environment and the extent of its international relations. But, considering our privileged position, we should try to make the best possible use of our excellent physical and human potential. I am convinced that the achievement of this goal is well within our means.

Minutes

Minutes of the seventy-fourth annual general meeting of the Shareholders of The Provincial Bank of Canada, held at the Queen Elizabeth Hotel, 900 Dorchester Blvd. West, Montreal (Canada), on the 10th of December, 1974, at three thirty o'clock in the afternoon.

The Chairman and President of the Bank, Mr. Léo Lavoie, acted as Chairman of the meeting.

Mr. Lavoie welcomed the Shareholders and then mentioned the changes which have occurred since last year in the following terms:

«Since our latest annual general meeting, several changes have occurred in the executive as well as in the board of directors. Mr. Jean Machabee has been appointed General Manager, after the departure of Mr. Raymond Primeau, who has also resigned as a director. Four vice-presidential positions have been established at the executive level; one has been entrusted to Mr. Jean Machabee, the three others respectively to Mr. Michel Lavoie, in charge of operations, Mr. Gilles Mercure, for the international department, and Mr. Georges Fortin, responsible for administration.

The composition of the board of directors has also been modified by the resignation last autumn of Messrs. Roland Bock, Paul A. Dionne and Charles J. Gélinas. Mr. Bock has been on the board since 1954. He became a member of the executive committee in 1959 and was its chairman from 1962 to 1970; from 1962 until his resignation he has occupied the position of chairman of the board of directors. Mr. Paul Dionne was nominated as direc-

tor in 1963 and belonged to the investment committee from 1965 to 1970. Mr. Charles J. Gélinas, Q.C., joined the board of directors in 1959 and was a member of the executive committee from 1960 to 1970.

I am happy to point out that our retiring colleagues have actively participated in the expansion of the Bank's operations and that their collaboration has been highly appreciated. In your name as well as in my own, I should like to express how grateful we are for their contributions.

Following these resignations your board of directors, upon the passing of a resolution adopted in accordance with the powers bestowed upon them by shareholders' By-Law No 3, has decreased the number of directors from 20 to 19. To fill the three remaining vacancies, the board has nominated Mr. Marc Bourgie, president of Urgel Bourgie Ltd, Mr. Claude Ducharme, lawyer and member of the firm of Desjardins, Ducharme, Desjardins, Tellier, Zigby and Michaud, and Mr. Roland Giguère, president and chief executive officer of Télé-Métropole. Their contributions have already proven to be valuable.



Finally, I have myself accepted the position of chairman of the board of directors, while continuing to exercise the functions of president of the Bank, while Mr. Charles Demers has replaced Mr. Roland Bock on the executive committee.»

The Chairman, with the consent of the meeting, appointed the Secretary General of the Bank, Mr. René Cousineau, as Secretary of the meeting, and Messrs. Pierre Bourque and Florian Bleau as Scrutineers.

The Secretary then read the notice calling the meeting and an affidavit concerning publication of said notice.

At the request of the Chairman, the Scrutineers confirmed that a quorum was present.

The minutes of the last annual general meeting having been sent to all Shareholders, it was moved by Mr. Philippe Michaud and seconded by Mr. Gérard Desmarais that the minutes of the last annual general meeting be taken as read and be approved. The motion was put to the meeting and a ballot was taken. Upon receiving the Scrutineers' Report of the balloting, the Chairman declared the motion duly carried.

Annual Statements

Before submitting the annual statements prescribed by Section 60 of the Bank Act for consideration to the meeting, the Chairman indicated that the statement of assets and liabilities of the Bank and Pro-Can Realities Limited as at October 31, 1974, the statements of rest account, revenue, expenses and undivided profits and accumulated appropriation for losses for the latest financial year had been forwarded to all shareholders in advance of the meeting and that copies of the same were in the hands of those pres-

ent. «We will forego, with your approval, he added, the actual reading of these statements. The Vice-President and General Manager will later comment on these.»

It was then moved by Mr. Georges Smith, seconded by Mr. Maurice Marois, that the annual statements be taken as read, since copies of these statements were forwarded to all shareholders.

The Chairman directed that a ballot on this motion be taken later in the meeting at the same time as the ballot for the approval of the annual statements.

At the request of the Chairman, the Secretary read the Directors' Report:

«Your Directors have pleasure in submitting to the Shareholders the Bank's annual statement for the year ended October 31, 1974, containing the statement of assets and liabilities of the Bank and Pro-Can Realities Limited as at October 31, 1974, the statement of revenue, expenses and undivided profits, the statement of accumulated appropriations for losses and of the rest account for the latest financial year, and the Auditors' Report with respect to those statements.

During the year, eleven new branches were opened and there were two branch closings. As at October 31, 1974, the Bank had two hundred and eighty-six branches and thirty-four agencies.

The Shareholders' auditors, Messrs. Guy Chabot, C.A., and Jean-Paul Roy, C.A., audited the Bank's records and those of Pro-Can Realities Limited, a company controlled by the Bank, and their reports are appended to each statement.

Your Directors express their appreciation to the officers and staff of the Bank for the continued loyalty and dedication they have shown in the discharge of their duties.

*For the Board of Directors,
Léo Lavoie,
Chairman and President.
Montreal, December 10, 1974.*

The Auditors' Report to the Shareholders was then read.

The President, Mr. Léo Lavoie, then addressed the meeting on "Canada and the World Economic Situation" and subsequently, called upon Mr. Jean Machabée, Vice-President and General Manager, to present the financial statements. Mr. Lavoie's address appears on page 4 and Mr. Machabée's report appears on page 16.

It was moved by Mr. Léo Lavoie, seconded by Mr. C. F. Carsley, that the Directors' Report, the annual statements for the financial year ended October 31, 1974 as well as the Auditors' Report to Shareholders, be adopted. The Chairman stated that the motion was open for discussion. There being no discussion, the Chairman then put the motion to the meeting. A ballot was taken and upon receiving the Scrutineers' Report of the balloting, the Chairman declared this motion duly carried as well as the motion concerning the reading of the annual statements.

Appointment of Auditors Appointment of Proxies for Pro-Can

It was moved by Mr. Maurice Soucy, seconded by Mr. Sam Greenberg, that Messrs. Guy Chabot, C. A., of Raymond, Chabot, Martin, Paré et Associés and Jean-Paul Roy, C. A., of Roy, Lachance, Marotte et Associés, be appointed the auditors of the Bank until the next Annual General Meeting, that their remuneration be not more than \$40,000 and that their fees be divided between them in proportion to the time they will have devoted to the Bank's business. Before putting this motion to the meeting, the Chairman suggested that the appointment of proxies to vote in the name of the Bank at meetings of shareholders of Pro-Can Realities Limited be also submitted to the consideration of the meeting and that a ballot on each motion be taken afterwards.

It was moved by Mr. Ryan Paquette, Q. C., seconded by Mrs. Rita Larose, that in accordance with the Bank Act, Mr. Léo Lavoie, or failing him, Mr. C. F. Carsley, or failing him, Mr. A. Hervé Hébert, be appointed to act as proxy for the Bank at any and all meetings of the Shareholders of Pro-Can Realities Limited, a corporation controlled by the Bank. These two motions were then put to the meeting and a ballot was taken on each one.

Upon receiving the Scrutineers' Report of the balloting on the appointment of Auditors and on the appointment of proxies to vote in the name of the Bank at meetings of shareholders of Pro-Can Realities Limited, the Chairman declared these two motions duly carried.

Election of Directors

The meeting then proceeded with the election of Directors. It was moved by Mr. Jean-Marie Chabot, seconded by Mr. Fernand Guay, that the following Shareholders be elected Direc-

tors of the Bank: Messrs. François Adam, F. I. A. C., Marcel Bélanger, C. A., Hervé Belzile, C. A., Benoit Benoit, Marc Bourgie, C. F. Carsley, M.B.E. Rodolphe Casgrain, Roland Chagnon, C. A., Charles-E. Demers, Eng., Claude Ducharme, Q. C., Gilbert Finn, Roland Giguère, J.-G. Hamelin, A.-Hervé Hébert, F. S. A., F. C. I. A., Léo Lavoie, Paul-H. Plamondon, J.-Olier Renaud, Q. C., Geo-E. Turcotte, Agr. and Antoine Turmel. The Chairman then asked if there were any further nominations. There being no further nominations, a ballot was taken. The Chairman announced, upon receiving the Scrutineers' Report of the balloting, that the nineteen Shareholders nominated to be Directors of the Bank had been elected by a majority of the votes.

Upon motion of Mr. Jean Guimond, seconded by Mr. André Gervais, the Chairman declared the meeting terminated.

Meeting of the Board of Directors

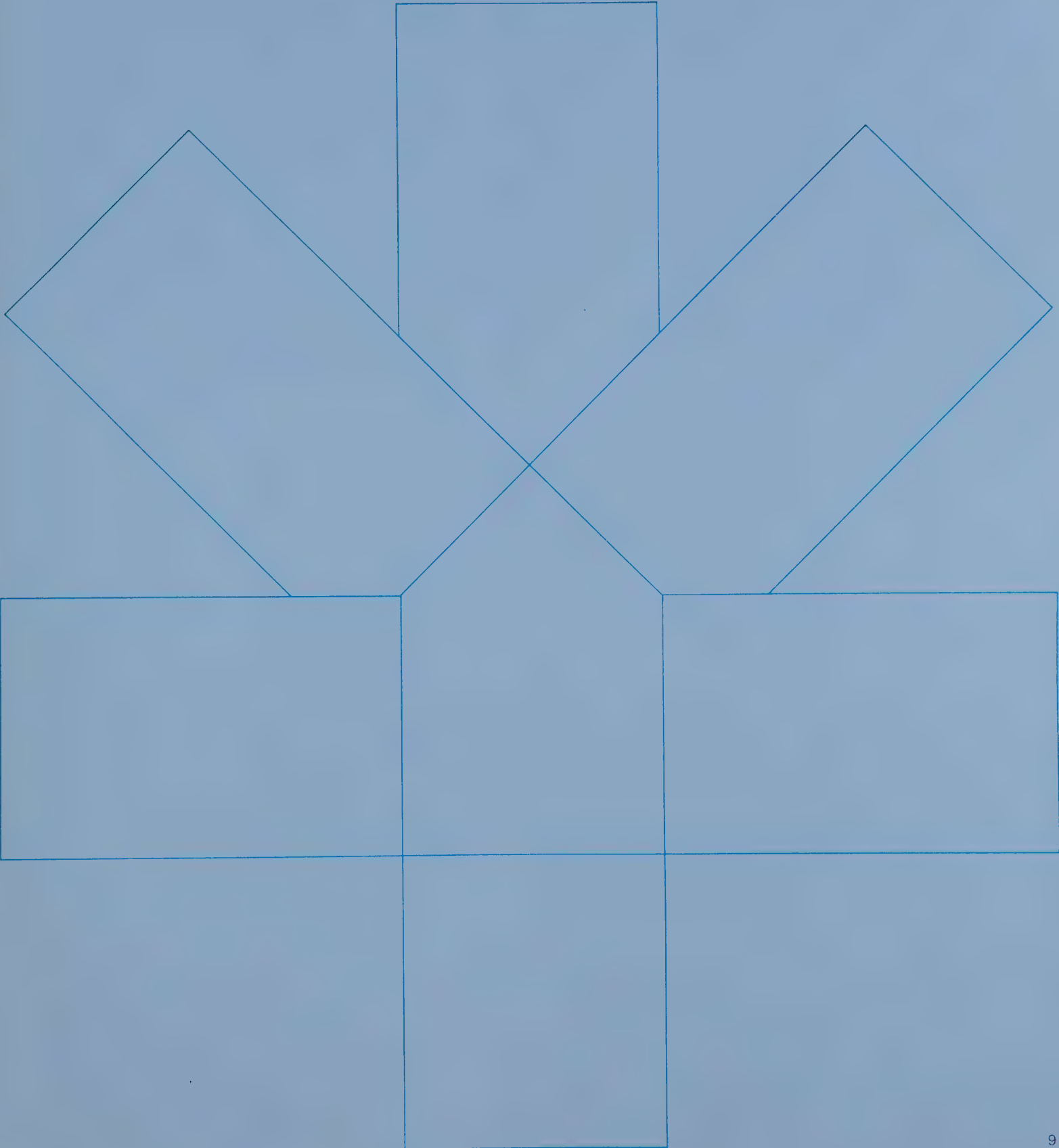
At a meeting of the Board of Directors held subsequently to the meeting of Shareholders, the following officers were elected for the ensuing year:

Chairman of the Board and President:

Mr. Léo Lavoie.

Vice-Presidents: Messrs. C. F. Carsley and A. -Hervé Hébert.

Financial statements as at October 31, 1974



Statement of assets and liabilities

as at October 31, 1974

Assets	1974	1973
Cash and due from banks	\$ 480,922,771	\$ 395,590,227
Cheques and other items in transit, net	68,565,473	29,356,059
	<u>549,488,244</u>	<u>424,946,286</u>
Securities issued or guaranteed by Canada, at amortized value	245,192,101	193,771,094
Securities issued or guaranteed by provinces, at amortized value	23,408,355	29,984,760
Other securities, not exceeding market value	107,336,966	123,059,189
	<u>375,937,422</u>	<u>346,815,043</u>
Day, call and short loans to investment dealers and brokers, secured	23,226,384	47,481,004
Other loans, including mortgages, less provision for losses	1,565,438,413	1,237,138,435
	<u>1,588,664,797</u>	<u>1,284,619,439</u>
Bank premises at cost, less amounts written off	14,857,475	13,270,770
Securities of and loans to a corporation controlled by the bank	3,185,713	3,594,131
Customers' liability under acceptances, guarantees and letters of credit, as per contra	20,388,183	14,524,461
Other assets	4,316,875	1,816,822
	<u>\$2,556,838,709</u>	<u>\$2,089,586,952</u>

Léo Lavoie,
President and Chief
Executive Officer.

Jean Machabée,
Vice-President and
General Manager.

Liabilities	1974	1973
Deposits by Canada	\$ 43,922,915	\$ 62,812,900
Deposits by provinces	19,660,764	17,746,734
Deposits by banks	360,526,829	450,897,639
Personal savings deposits payable after notice, in Canada, in Canadian currency	984,926,700	720,668,545
Other deposits	1,025,494,692	720,259,327
	<u>2,434,531,900</u>	<u>1,972,385,145</u>
Acceptances, guarantees and letters of credit	20,388,183	14,524,461
Other liabilities	8,779,295	10,598,494
Accumulated appropriations for losses	18,942,661	20,218,580
Debentures issued and outstanding (7½%, May 15, 1977)	15,000,000	15,000,000
Capital:		
Authorized— 10,000,000 shares of \$2. each	\$20,000,000	
Issued: 5,850,000 shares fully paid	11,700,000	11,683,348
Rest account	47,000,000	44,912,577
Undivided profits	496,670	264,347
	<u>\$2,556,838,709</u>	<u>\$2,089,586,952</u>

Auditors' report to the shareholders

We have examined the statement of assets and liabilities of The Provincial Bank of Canada as at October 31, 1974 together with the statement of revenue, expenses and undivided profits and the statement of accumulated appropriations for losses for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the foregoing statements present fairly the financial position of the Bank as at October 31, 1974 and its revenue, expenses and undivided profits and accumulated appropriations for losses for the year ended on that date.

Auditors

Guy Chabot, C.A.,
of Raymond, Chabot, Martin, Paré & Associés

Jean-Paul Roy, C.A.,
of Ruel, Roy, Moreau & Associés

Montréal, November 20, 1974.

Statement of revenue, expenses and undivided profits

for the financial year ended October 31, 1974

	1974	1973
REVENUE		
Income from loans	\$191,274,451	\$125,255,608
Income from securities	25,296,599	22,373,000
Other operating revenue	14,010,721	11,405,477
Total revenue	230,581,771	159,034,085
EXPENSES		
Interest on deposits and debentures	147,156,102	92,413,389
Salaries, pension contributions and other staff benefits	34,665,978	27,710,739
Property expenses, including depreciation	10,063,489	8,589,778
Other operating expenses, including provision for losses on loans based on five-year average loss experience	12,842,581	9,989,192
Total expenses	204,728,150	138,703,098
Balance of revenue	25,853,621	20,330,987
Provision for income taxes relating thereto (Note)	13,240,000	10,130,000
Balance of revenue after provision for income taxes	12,613,621	10,200,987
Appropriation for losses	5,000,000	3,800,000
Balance of profits for the year	7,613,621	6,400,987
Dividends	5,381,298	4,582,259
Amount carried forward	2,232,323	1,818,728
Undivided profits at beginning of year	264,347	620,619
Transfer from accumulated appropriations for losses	—	1,000,000
Total	2,496,670	3,439,347
Transferred to rest account	2,000,000	3,175,000
Undivided profits at end of year	\$ 496,670	\$ 264,347

Statement of accumulated appropriations for losses

for the financial year ended October 31, 1974

	1974	1973
Accumulated appropriations at beginning of year (Bracketed amounts are deductions)		
General appropriations	\$ 17,086,883	\$ 13,646,982
Tax - paid appropriations	3,131,697	2,421,374
Total	20,218,580	16,068,356
Appropriation from current year's operations	5,000,000	3,800,000
Loss experience on loans less provision included in other operating expenses	247,742	379,222
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	(8,554,742)	(820,778)
Other profits, losses and non-recurring items, net	1,081	(178,220)
Provision for income taxes including credit of \$2,055,000 (1973 — \$2,090,000) related to appropriation from current year's operations (Note)	2,030,000	1,970,000
Transferred to undivided profits	—	(1,000,000)
Accumulated appropriations at end of year		
General appropriations	17,232,088	17,086,883
Tax - paid appropriations	1,710,573	3,131,697
Total	\$ 18,942,661	\$ 20,218,580

Note -

Provision for taxes shown in:

	1974	1973
Statement of revenue, expenses and undivided profits	\$ 13,240,000	\$ 10,130,000
Statement of accumulated appropriations for losses:		
Related to tax deductible appropriations	(2,055,000)	(2,090,000)
Related to taxable capital gains	25,000	120,000
	\$ (2,030,000)	\$ (1,970,000)
Total tax provision for the year	\$ 11,210,000	\$ 8,160,000

Statement of rest account

for the financial year ended October 31, 1974

	1974	1973
Balance at beginning of year	\$ 44,912,577	\$ 35,000,000
Premium received on capital stock subscriptions	87,423	6,737,577
Transferred from undivided profits	2,000,000	3,175,000
Balance at end of year	\$ 47,000,000	\$ 44,912,577

Pro-Can realties limited controlled corporation

Balance Sheet as at October 31, 1974

Assets

Rent receivable	\$ 153,000
Land and buildings at cost, less depreciation	4,590,067
	<u>4,743,067</u>

Liabilities

The Provincial Bank of Canada	\$ 442,314	
Accrued bond interest	80,503	
Current portion of long-term debt redeemable November 1st, 1974	100,000	
Provision for income taxes	310	623,127
First mortgage sinking fund bonds—Series "B" — 5½% maturing November 1st, 1986	3,100,000	
Less:		
Sinking fund payment due November 1st, 1974	100,000	3,000,000

CAPITAL STOCK

PREFERRED — Redeemable, non participating, non cumulative dividends — 4½% Authorized and issued: 10,000 shares of \$100 each	1,000,000	
COMMON		
Authorized and issued: 1,000 shares of \$100 each (Note)	100,000	
	<u>1,100,000</u>	
RETAINED EARNINGS	19,940	1,119,940
		<u>\$4,743,067</u>

Note —

The Provincial Bank of Canada owns the entire capital stock of Pro-Can Realities Limited with the exception of the directors' qualifying shares. It is carried on the books of the Bank at \$1,099,400.

Auditors' report to the shareholders

We have examined the balance sheet of Pro-Can Realities Limited as at October 31, 1974. We have obtained all the information and explanations that we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, this balance sheet presents fairly the financial position of the company as at October 31, 1974 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Auditors

Guy Chabot, C.A.,
of Raymond, Chabot, Martin, Paré & Associés
Jean-Paul Roy, C.A.,
of Ruel, Roy, Moreau & Associés

Montréal, November 20, 1974.

The 1974 revenue dollar

Its sources



83¢
Income from loans

11¢
Income from securities

6¢
Other operating revenue

Its distribution



64¢
Interest on deposits and debentures

15¢
Salaries, pension contributions and other staff benefits

4.5¢
Property expenses, including depreciation

5.5¢
Other operating expenses, including provision for losses on loans based on five-year average loss experience

6¢
Provision for income taxes relating thereto

2¢
Appropriation for losses

2¢
Dividends

1¢
Undivided profits

Report of the vice-president and general manager

Jean Machabée

General Situation

I am very pleased to submit for your approval the results of the Bank's financial year which ended October 31, 1974. Although increasing inflationary pressures, worldwide economic difficulties and unprecedented interest rates prevailed throughout the year, the Canadian economy performed well compared with most industrialized countries. Thus, interest rates increased less rapidly than in most other countries, although the Bank of Canada rate and the chartered banks' prime rate rose to 9¼% and 11½% respectively by the end of October. The Bank of Canada has kept the growth of money supply at an average annual rate of approximately 19% during the last financial year, in an effort to reduce inflationary pressures while stimulating new production capacity to maintain an acceptable employment level.



Growth of the Bank

The balance sheet shows total assets of \$2,556,838,709 at the end of the financial year, compared with \$2,089,586,952 at the end of the preceding year, a 22.4% increase. Canadian dollar assets at \$1,993,601,268, increased by 19.2%. As far as profitability is concerned, the balance of revenue, at \$25,853,621, shows an increase of 27.2% over the preceding year.

Liquid Assets and Investments

The Provincial Bank experienced another successful year in profitability and asset growth. Nevertheless, it had to meet strong challenges in liquidity management and asset allocation. However, active participation in Canadian and international money markets enabled us to meet heavy credit demands while maintaining our liquid assets at satisfactory levels, although lower than those reached last year.

The investment portfolio stood at \$375,937,422 as at last October 31 and accounted for 18.9% of total Canadian dollar assets compared with 20.7% last year. The share and bond markets were seriously upset during the year when stock market quotations weakened and the bond market continued to decline. The Bank Act requires that securities other than those issued by Canada or a province, appear on financial statements at values not exceeding market. Consequently, substantial amounts had to be deducted from the reserve for losses. A possible recovery of stock and bond prices would again permit proportionate credit entries in the reserve for losses.

Assets

(in thousands of dollars)

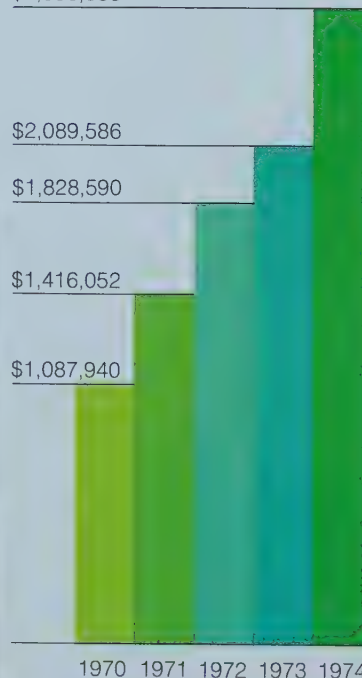
\$2,556,838

\$2,089,586

\$1,828,590

\$1,416,052

\$1,087,940

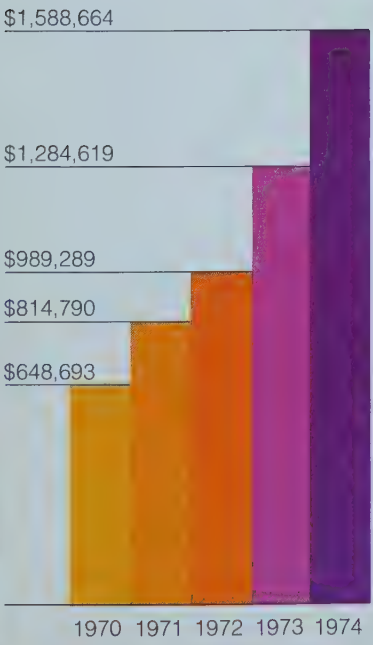


Loans

Canadian loans totalled \$1,463,449,704 as at October 31, 1974 compared with \$1,202,119,699 at the preceding year-end. This 21.7% increase was achieved in spite of a more selective credit policy. Almost half of our loans are allotted to the commercial, industrial and agricultural sector, which thus remains the largest loan category. At the Provincial Bank, this sector comprises mostly small and medium-size businesses; because of its importance to the economy, the development of this category of borrowers continued to be one of the Bank's priorities.

In personal loans and consumer credit, we continued to meet the financial needs of our customers. The number of mortgage loans increased rapidly in the early part of 1974, as a result of commitments undertaken last year. However, during the second half-year, growth decelerated following a more restrictive lending policy.

Loans
(in thousands of dollars)



This year, we continued to participate in syndicated international loans made jointly with other banks, but to a lesser degree in the last six months of the financial year, because of international economic uncertainties. In the past few years, we have nevertheless built a sound portfolio in this field.

Deposits

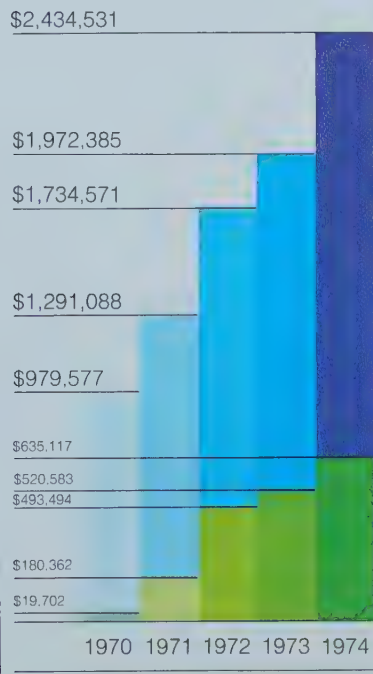
To cope with increasing commitments, the Bank had to solicit savings deposits energetically. Our advertising was tailored accordingly and a deposit promotion campaign was set up for our personnel. These efforts succeeded in raising personal savings deposits by 36.7% during the financial year. The growth of these stable assets provides the Provincial Bank with the means to take longer-term commitments and is thus a fundamental factor of our growth.

Advertising by financial institutions of interest rates and of the terms of various types of deposits made savings customers better acquainted with financial markets. Many customers took advantage of our high interest rates on term savings deposits. In the past few years, less profit-

able types of savings deposits have decreased in volume in favor of those with a higher yield. At year-end, personal savings deposits reached \$984,926,700 and represented 54.7% of total Canadian dollar deposits which stood at \$1,799,414,260, an increase of 23.9% over last year.

Foreign currency deposits increased by \$114,534,511 compared with last year and now amount to \$635,117,640. These deposits are used for three specific purposes: the financing of our international loans, short-term investments on the inter-bank market and, finally, as a source of standby funds for our Canadian operations.

Deposits
(in thousands of dollars)



Report of the vice-president and general manager

Financial Results and Shareholders' Equity

Interest income from loans and investments totals \$216,571,050, an increase of 46.7% over the preceding year. This result is really significant, however, only when compared with the total cost of deposits and debentures which augmented by 59.2% to reach \$147,156,102. The difference between income from and cost of funds thus amounts to \$69,414,948, representing a gross profit margin of 3.11 per cent. The rapid increase in the chartered banks' prime rate, during the year, was therefore largely offset by the parallel growth of deposit costs. When other income is added, a net revenue of \$83,425,669 is obtained. Salary expenses and property costs represent respectively 41.6% and 12.1% of net

revenue. The Bank's balance of revenue increased by 27.2% in 1974 and amounts to \$25,853,621 at year-end. Once income tax has been deducted and appropriations for losses in the amount of \$5,000,000 have been made, net profits are \$7,613,621. This is equivalent to earnings of \$1.30 per share calculated on an average of 5,845,865 fully paid up shares outstanding during the year, compared with \$1.15 for an average of 5,561,032 shares last year. Dividends paid to shareholders reached \$0.92 per share, compared with \$0.83 in 1973. The Provincial Bank shareholders' equity stood at \$59,196,670 as at October 31, 1974, compared with \$56,860,272 last year. The reserve for losses decreased compared with the year before, mainly because of declining stock and bond markets as mentioned earlier.

Network of Branches

We continued to expand and improve our network of branches. The year's highlight was the establishment of our Quebec Administration Centre and of our main Quebec City branch in Place de la Capitale. These functional and modern offices became necessary as a result of our growing business in the Quebec City area.

This year, 7 new branches were opened in Montreal, Sainte-Foy, Aylmer, Rivière-du-Loup, Bros-sard, Quebec City and Moncton respectively. On the other hand, for administrative reasons, one branch was closed in Quebec City and another one at Cité du Havre in Montreal. At October 31, 1974 our network consisted, therefore, of 320 offices, 286 of which are branches and 34 are agencies. For various reasons beyond our control, some branch openings had to be postponed to 1975. Next year



should also see the completion of other very important projects, especially those of Place Desjardins and of Edifice Alliance.

Existing branches also have to be improved. Several of our offices were renovated this year and new premises were found for the following branches: Montmagny, 664 Grande Allée, Quebec City, Place Dupuis, Granby and Boucherville.

Master Charge

As for Master Charge, I am pleased to report to you that the number of card holders and of affiliated merchants, after one full year of operation, is notably higher than anticipated. This achievement brought us an unexpectedly high volume of business, which we handled, but not without experiencing some problems. However, measures were taken to bring the situation back to normal and to ensure efficient management of the business volume. Our Master Charge advertising attained the objectives set and it is not without reason that it received a first prize at the Gala of the Publicité-Club of Montreal.

The Bank for better living

As for the Bank's own advertising, it was decided to stress the social aspect this year. With the theme "The Bank for Better Living", we tried to inform the public at large of the various aspects of better living, be it civic affairs, environmental protection, physical fitness or various ways of avoiding wastes. Concurrently, each one of our branches was provided with a "Better Living" documentation centre providing brochures on topics related to quality of life issues.

Personnel

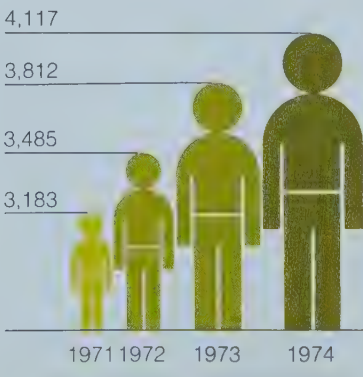
The commercial and financial success of the Provincial Bank depends essentially on the co-operation of a staff open to new ideas. I am therefore very pleased to pay tribute to our officers and all other staff members for their contribution to the results obtained. The growth of the Bank in the past few years has required the transformation of our internal structures and the creation of three new vice-presidential positions in the areas of operation, international banking and administration. This enlargement of our executive staff allows a more efficient allotment of responsibilities and above all, still better quality of service to customers.

Personnel recruiting during 1974 increased the number of employees from 3812 to 4117 as at October 31, 1974. Anxious to meet more and more diversified needs, the Personnel Department improved its recruiting and hiring methods. Moreover, it is constantly revising its training programs for employees and of-

ficers of the Bank by trying to develop individual abilities and to improve productivity. However, in view of the high rate of inflation, the objective of personnel administration was necessarily aimed at maintaining an adequate salary policy. Accordingly, two general salary revisions had to be made.

Ladies and Gentlemen, this year's activities have been largely successful and I venture to hope that they merit the confidence you show in the directors, officers and other members of the Bank personnel. In anticipation of a possible reduction in profit margins of businesses, we shall, during 1975, increase our efforts, especially as far as productivity is concerned. I know we can depend on the co-operation of our personnel. I am convinced that the Bank can also rely on your support.

Human resources



Nine-year statistical review

	1974	1973
condensed statement of assets and liabilities		
assets		
Cash resources and due from banks	\$ 549,488,244	\$ 424,946,286
Securities	375,937,422	346,815,043
Call loans	23,226,384	47,481,004
Other loans	1,565,438,413	1,237,138,435
Bank premises, net	14,857,475	13,270,770
Other assets	27,890,771	19,935,414
Total assets	\$2,556,838,709	\$2,089,586,952
liabilities		
Deposits	\$2,434,531,900	\$1,972,385,145
Letters of credit and other liabilities	29,167,478	25,122,955
Accumulated appropriations for losses	18,942,661	20,218,580
Debentures	15,000,000	15,000,000
Shareholders' equity	59,196,670	56,860,272
Total liabilities	\$2,556,838,709	\$2,089,586,952
accumulated appropriations for losses		
Accumulated appropriations at beginning of year	\$ 20,218,580	\$ 16,068,356
Additions (deductions) during year		
Appropriation from current year's operations	5,000,000	3,800,000
Loss experience on loans less provision included in other operating expenses	247,742	379,222
Profits and losses on securities, etc.	(8,554,742)	(820,778)
Other profits and losses, net	1,081	(178,220)
Provision for income taxes, less credit related to appropriation from operations if applicable	2,030,000	1,970,000
Transferred to undivided profits	—	(1,000,000)
	(1,275,919)	4,150,224
Accumulated appropriations at end of year		
General appropriations	17,232,088	17,086,883
Tax-paid appropriations	1,710,573	3,131,697
Total	\$ 18,942,661	\$ 20,218,580

Note — For comparative reasons, some of the figures for previous years have been restated to conform to the 1974 presentation.

1972	1971	1970	1969	1968	1967	1966
\$ 450,709,711	\$ 249,294,143	\$ 108,191,400	\$109,021,009	\$ 76,582,420	\$ 83,452,497	\$ 69,428,449
358,087,041	282,685,570	259,053,578	174,374,651	179,088,984	155,518,321	124,476,941
55,790,408	51,621,343	45,859,586	22,581,980	39,824,517	20,172,150	25,381,287
933,499,249	763,168,769	602,833,658	524,211,530	446,150,220	367,988,025	341,009,222
12,573,879	11,890,566	10,672,866	7,742,473	7,427,652	6,841,613	6,990,906
17,930,318	57,392,113	61,329,316	43,171,881	9,662,486	8,482,683	8,197,034
\$1,828,590,606	\$1,416,052,504	\$1,087,940,404	\$881,103,524	\$758,736,279	\$642,455,289	\$575,483,839
\$1,734,571,620	\$1,291,088,481	\$ 979,577,234	\$795,447,221	\$712,437,332	\$600,832,344	\$536,117,814
16,930,011	54,684,164	60,673,585	43,053,697	6,342,292	4,872,415	4,499,079
16,068,356	14,392,751	12,162,527	12,268,147	10,625,229	8,225,864	7,062,781
15,000,000	15,000,000	—	—	—	—	—
46,020,619	40,887,108	35,527,058	30,334,459	29,331,426	28,524,666	27,804,165
\$1,828,590,606	\$1,416,052,504	\$1,087,940,404	\$881,103,524	\$758,736,279	\$642,455,289	\$575,483,839
\$ 14,392,751	\$ 12,162,527	\$ 12,887,133	\$ 10,625,229	\$ 8,225,864	\$ 7,062,781	\$ 7,356,956
3,000,000	3,330,000	2,280,000	2,060,000	1,180,000	741,000	97,000
207,251	44,894	(221,210)	(281,920)	(338,618)	(32,683)	(204,896)
900,993	1,701,491	(1,322,156)	(331,341)	162,576	(299,886)	(280,690)
67,361	(6,161)	(541,240)	(1,523,821)	(24,593)	(24,317)	(1,999)
1,000,000	1,160,000	(920,000)	1,720,000	1,420,000	778,969	96,410
(3,500,000)	(4,000,000)	—	—	—	—	—
1,675,605	2,230,224	(724,606)	1,642,918	2,399,365	1,163,083	(294,175)
13,646,982	11,472,924	7,776,333	11,035,930	10,212,817	8,146,989	6,844,494
2,421,374	2,919,827	4,386,194	1,232,217	412,412	78,875	218,287
\$ 16,068,356	\$ 14,392,751	\$ 12,162,527	\$ 12,268,147	\$ 10,625,229	\$ 8,225,864	\$ 7,062,781

Nine-year statistical review

1974

1973

statement of revenue, expenses and undivided profits

revenue

Income from loans	\$191,274,451	\$125,255,608
Income from securities	25,296,599	22,373,000
Other operating revenue	14,010,721	11,405,477
Total revenue	\$230,581,771	\$159,034,085

expenses

Interest	\$147,156,102	\$ 92,413,389
Salaries, etc.	34,665,978	27,710,739
Property expenses	10,063,489	8,589,778
Other operating expenses	12,842,581	9,989,192
Total expenses	\$204,728,150	\$138,703,098
Balance of revenue	25,853,621	20,330,987
Provision for income taxes	13,240,000	10,130,000
Balance of revenue after provision for income taxes	12,613,621	10,200,987
Appropriation for losses	5,000,000	3,800,000
Balance of profits	7,613,621	6,400,987
Dividends	5,381,298	4,582,259
Amount carried forward	2,232,323	1,818,728
Undivided profits at beginning of year	264,347	620,619
Transfer from accumulated appropriations for losses	—	1,000,000
	2,496,670	3,439,347
Transfer to rest account	2,000,000	3,175,000
Undivided profits at end of year	\$ 496,670	\$ 264,347

other information

Net earnings per share	\$ 1.30	\$ 1.15
Dividends per share	92c	83c
Number of employees	4,117	3,812
Number of branches	286	281

Note — For comparative reasons, some of the figures for previous years have been restated to conform to the 1974 presentation.

1972	1971	1970	1969	1968	1967	1966
\$ 85,524,088	\$ 65,993,472	\$ 57,446,437	\$ 43,586,922	\$ 32,199,507	\$ 24,866,649	\$ 22,459,885
18,209,104	15,024,168	15,453,641	10,760,018	9,501,670	7,567,697	6,320,578
10,526,604	9,234,977	8,982,360	8,419,261	7,397,211	6,751,815	5,714,319
\$114,259,796	\$ 90,252,617	\$ 81,882,438	\$ 62,766,201	\$ 49,098,388	\$ 39,186,161	\$ 34,494,782
\$ 59,551,414	\$ 41,337,313	\$ 40,283,193	\$ 27,055,653	\$ 19,319,020	\$ 13,950,690	\$ 12,526,531
23,242,394	19,940,570	17,796,149	14,713,762	12,994,667	11,363,853	10,567,803
6,998,143	6,161,086	5,303,705	4,489,709	3,912,782	3,447,947	3,185,766
7,992,334	7,385,598	5,780,992	5,344,044	4,735,159	4,068,201	3,435,932
\$ 97,784,285	\$ 74,824,567	\$ 69,164,039	\$ 51,603,168	\$ 40,961,628	\$ 32,830,691	\$ 29,716,032
16,475,511	15,428,050	12,718,399	11,163,033	8,136,760	6,355,470	4,778,750
7,890,000	7,670,000	6,590,000	5,850,000	4,260,000	3,228,969	2,416,410
8,585,511	7,758,050	6,128,399	5,313,033	3,876,760	3,126,501	2,362,340
3,000,000	3,330,000	2,280,000	2,060,000	1,180,000	741,000	97,000
5,585,511	4,428,050	3,848,399	3,253,033	2,696,760	2,385,501	2,265,340
3,952,000	3,068,000	2,678,000	2,250,000	1,890,000	1,665,000	1,575,000
1,633,511	1,360,050	1,170,399	1,003,033	806,760	720,501	690,340
487,108	127,058	656,659	131,426	124,666	104,165	113,825
3,500,000	4,000,000	—	—	—	—	—
5,620,619	5,487,108	1,827,058	1,134,459	931,426	824,666	804,165
5,000,000	5,000,000	1,700,000	1,000,000	800,000	700,000	700,000
\$ 620,619	\$ 487,108	\$ 127,058	\$ 134,459	\$ 131,426	\$ 124,666	\$ 104,165
\$ 1.07	85¢	74¢	72¢	60¢	53¢	50¢
76¢	59¢	54¢	50¢	42¢	37¢	35¢
3,485	3,183	2,987	2,594	2,497	2,407	2,300
270	263	253	219	211	205	204

The Bank for better living

The bank for better living

The modern corporation is one of the forces that mold the shape of our society, first because it decides what goods and services will be produced, and secondly, because it creates jobs and determines the prevailing atmosphere at work. Consequently, the corporation cannot confine its commitments to its own industrial sector, nor limit its social activities to its own customers or employees.

The corporation should be both profitable — an essential condition of its survival — and human. Inevitably, it has to consider what is good for all as well as its own success. Aware of this concern, the Provincial Bank has for some years already undertaken concrete action in this sense, by focussing its communication with the public at large on balanced living, the balance being symbolized by the gyroscope.



But last year the Bank has taken further steps to promote better living for all. Its first duty was obviously to recommend budgetary equilibrium by providing present and potential clients with the tools for sound financial management. However, this concept can be broadened beyond the monetary framework and encompass successively ecological and physical equilibria, which in turn lead to social balance.

Budgetary stability

By definition, budgetary equilibrium is the proper relationship between expenditures and income. It is linked to planned saving, which makes it possible to consolidate the budget day by day. Saving is the mark of foresight and planning; of foresight because it recognizes that necessary outlays have priority over dispensable expenditures; of planning, because it bears witness to the order and precision with which the personal or family budget is managed. Excessive consumption is utterly incompatible with saving, just as pollution disturbs the ecological equilibrium. The concept of husbandry is the key to the solution of numerous environmental problems, because the careful management of all available natural and man-made resources will permit Man to adjust his needs to the natural wealth of his planet.





Ecological stability

The average citizen does not appreciate the vital importance of curbing pollution and chronic waste. He does not know what to do or how to correct the ecological equilibrium. Of course, he is firmly convinced that he should avoid as much as possible the pollution of the environment and the waste of natural resources. Nevertheless, he is too easily convinced that the only culprits are industries and governments and that he, as a private individual, has only a passive and insignificant role to play in the preservation of the natural environment.

This widespread belief is clearly erroneous, but it demonstrates how important it is to inform the public on ecological matters. Numerous publications exist that deal with nature conservation and the quality of life. It is important to make them accessible to the public.

Physical stability

People need to know in what way they can improve their physical condition, by means that are not necessarily elaborate or onerous. Regular living habits including walking, playing with the children, certain summer and winter sports like swimming, snow shoeing or hiking in the woods are examples of activities that are beneficial, supply the body with fresh air and help people to feel in good shape. Another factor in good health is proper information about nutrition and ways to improve dietary habits, as well as accurate knowledge of the damaging effects of improper nourishment, use of drugs, excessive consumption of tobacco and alcohol and overdoses of medication.

Thus brought in harmony with his natural environment and his own being, Man is in an excellent position to also achieve balance in his social environment.

Social stability

Man's mind perhaps needs most of all social equilibrium. This depends on the attitude of Man towards his fellows, on his civic virtues, on his moderation and sense of responsibility and above all perhaps on his peace of mind and his serenity in every day life.

This serenity is the principal basis for an assured equal treatment of all people in all things. Hence the importance of social order, of respect for the law, of equal opportunity and of the absence of unwarranted discrimination. Man has to work to earn a living and most often work hard. It follows that he really wants value for his money when he buys. Allied to this is the necessity of consumer protection.

For all these reasons, each linked to the universal constant of stability, the Provincial Bank has taken in its own sphere of influence concrete steps to promote in the common interest a program of information and public awareness.



The Bank for better living

Better living centers

The Bank maintains direct contact with the public through 286 branches. Consequently, the facilities exist to widely disseminate important messages on better living. Using our offices spread throughout Quebec and elsewhere was a logical and efficient solution. By taking the right approach, it would be possible to turn each of our branches into an interesting center of documentation.

Such action would have to be supported by a publicity campaign inviting clients and non-clients alike to visit our branches and take note of the documentation made available to them.

To amass a certain number of publications on the subject, we got in touch with those non-profit institutes and organizations, as well as federal and provincial departments, whose activities are related to our objectives. With their cooperation, we have assembled a wealth of documentary information, mostly in the form of pamphlets and folders, with the intention of making them available in our branches. Everywhere, the cooperation received was enthusiastic, wholehearted and unanimous. But we had to assure ourselves, in the interest of the success of our operation, that all these agencies would continue to supply us with material after the launching of our "better living" campaign. This was the logistic aspect of our programme: to ensure the distribution in all the branches, check up on inventory, and transmit orders for re-stocking to the agencies concerned. This responsibility has been entrusted to a specialized agency. In addition, the updating of the center in the branch itself is ensured by a member of the staff. He is the coordinator who takes note of requests and of the topics in which his area is interested.

After many necessary steps had been taken, the better living center took shape. It was finally put into place in the form of a dispensing counter now in evidence in each branch of the Provincial Bank. The purpose of this counter is to exhibit and offer free of charge a variety of publications dealing with the topics developed earlier: budgetary, ecological, physical and social stability.

The Better Living Center Project of the Provincial Bank is now a reality and it fell to the President, Mr. Léo Lavoie, to sum it up in the following words during the launching of the better living campaign earlier this year: "In creating these Better Living Centers for the benefit of the public, the Bank wishes to encourage all citizens to husband the country's natural resources and their own health. Better Living comprises all the elements of a well-balanced way of life which remains indispensable to protect the present and to ensure the future."



Branches

Québec

Montréal and suburbs

Montréal

2675 Beaubien Street East,
R. Bergeron
4250 Beaubien Street East,
V. Chiossone
5100 Beaubien Street East,
J. Lambert
1100 Bélanger Street East,
G. Lacouture
3255 Bélanger Street East,
R. Iorio
200 Bernard Avenue West,
A. Scandale
235 Chabanel Street West,
G. Archambault
5635 Côte-Saint-Luc Road,
R. Beaudry
3538 de Lorimier Avenue,
J.-P. Ducharme
1390 Fleury Street East,
P. Desroches
2201 Fleury Street East,
G. Latour
2175 Frontenac Street, *Y. Poirier*
C.N.R. Central Station, *B. Lemay*
5990 Gouin Boulevard West,
G.-Y. Morin
11244 Gouin Boulevard East,
N. Martin
500 Henri-Bourassa Boulevard
East, *G. Laferrière*
665 Jarry Street West, *A. Lazic*
2101 Jean-Talon Street East,
P. Denoncourt
855 Jean-Talon Street West,
R. Rivard
1909 Laurier Avenue East,
R. Desrochers
3244 Masson Street East,
M. Rose
6150 Monk Boulevard,
F. Lavigne
1396 Mont-Royal Avenue East,
E. Gagnon
1 Notre-Dame Street West,
E. Bertrand
2441 Notre-Dame West,
D. Légaré
4440 Notre-Dame Street West,
J.-Y. Boutin
520 Ogilvy Avenue, *M. Giroux*
1346 Ontario Street East,
F. Fichaud
2600 Ontario Street East, Place
Frontenac, *J. Laveaux*
3401 Ontario Street East,
R. Pichette

4685 Park Avenue, *G. Hakim*
9101 Pie-IX Boulevard,
H. Bannout
772 Rachel Street East,
J.-P. Gagnon
801 Sainte-Catherine Street
East, *R. Rov*
1900 Sainte-Catherine Street
East, *N. Hotte*
4137 Sainte-Catherine Street
East, *J.-G. Roy*
680 Sainte-Catherine Street
West, *G. Fortin*
4494 Saint-Denis Street, *R. Saia*
5850 Saint-Denis Street,
P. Paquette
7130 Saint-Denis Street,
J. Malfara
8305 Saint-Denis Street,
G. Desmarais
6420 Saint-Hubert Street, *J. Roy*
8060 Saint-Hubert Street,
Y. Bergeron
201 Saint-Jacques Street,
J.-P. Normandin
3850 Saint-Laurent Boulevard,
E.-A. Doyon
8631 Saint-Laurent Boulevard,
Y. Payette
8060 Saint-Michel Boulevard,
R. Deschamps
9048 Saint-Michel Boulevard,
C. Vozzella
5355 Sherbrooke Street West,
M. Leduc
5702 Sherbrooke Street East,
J. Duceppe
8670 Sherbrooke Street East,
J.-G. Tardif
3543 Van Horne Avenue,
R. Lagacé
4765 Van Horne Avenue,
S. Landry
3701 Villeray Street, *M. Sarena*

Anjou (Ville d')
7059 Jarry Street East,
R. Leclerc

Brossard
5645, Grande Allée, *U. Poirier*

Lachine
1515 Notre-Dame Street,
Y. Loiselle

LaSalle
584, 90^e Avenue, *M. Saint-Pierre*
1447 Shevchenko Boulevard,
A. Assaad

Laval
Chomedey Ward
395 Cartier Street
(Laval-des-Rapides),
F. Bourbonnais
967 Hôtel-de-Ville Boulevard
(Sainte-Dorothée), *L. Lauzon*
201 Labelle Boulevard,
A. Durnin
1500 Labelle Boulevard,
J.-M. Desjardins

Duvernay Ward
1950 de la Concorde Boulevard,
Galeries Papineau, *G. Bédard*
2765 de la Concorde Boulevard,
J. Lesage
38 des Laurentides Boulevard,
R. L'Archevêque
1 Place Laval, *D. Mailloux*

Sainte-Rose Ward
205 Sainte-Rose Boulevard,
R. Laferrière

Longueuil
1667 Chambly Road, *P. Armand*
582 Sainte-Foy Boulevard,
G. Chapdelaine
165 Saint-Jean Street,
D. Loiselle

Montréal-Nord
4983 Charleroi Street,
G. Arsenault
3570 Henri-Bourassa Boulevard
East, *R. Ouellette*
6015 Henri-Bourassa Boulevard
East, *R. Marchand*
10202 Saint-Michel Boulevard,
J.-C. Pelletier

Outremont
1051 Laurier Avenue West,
P. Bleau

Pointe-aux-Trembles
1205 Saint-Jean-Baptiste
Boulevard, *J. Levasseur*

Roxboro
10415 Gouin Boulevard West,
G. Francis

Saint-Laurent
185 Côte Vertu Road, *R. Gill*
795 Décarie Boulevard,
R. Nadon
1110 Laurentien Boulevard,
S. Daigle

Saint-Léonard
5281 Jean-Talon Street East,
G. Côté
5990 Jean-Talon Street East,
F. Spina
8450 Lacordaire Boulevard,
N. Godbout
5900 Métropolitain Boulevard,
P. Barnes

Verdun
5364 Bannantyne Avenue,
Y. Picard
4014 Wellington Street,
P.-M. Trottier

Québec and suburbs

Québec

3265, 1^{re} Avenue,
G.-A. Rochette
 595, 3^e Avenue, *G. Range*
 1138, 3^e Avenue, *M. Plante*
 499, 4^e Avenue, *C. Blais*
 105, boulevard Benoît XV,
A. Hamel
 405 est, boulevard Charest,
J. Doyon
 2, rue de la Fabrique,
R. Gauthier
 250 ouest, Grande-Allée,
J. Cantin
 684 est, Grande-Allée,
M. McClish
 230, rue Marie-de-L'Incarnation,
G. Matte
 2100, boulevard Père-Lelièvre,
C. Marchand
 1510, 18^e Rue, *R. Chauvin*
 1950, 18^e Rue, *R. Dionne*
 150 est, boulevard Saint-Cyrille,
F. White
 295, chemin Sainte-Foy,
J.-P. Legrand
 1385, chemin Sainte-Foy,
P.-A. Demers
 399, rue Saint-Jean, *M. Boivin*
 1161, rue Saint-Jean, *M. Pouliot*
 8 ouest, rue Saint-Joseph,
J.-Y. Robert
 203 est, rue Saint-Joseph,
Mlle N. Fleury
 700 est, rue Saint-Joseph,
H. Massé
 54, rue Saint-Pierre, *V. Tardif*
 218 ouest, rue Saint-Vallier,
Y. Boucher

Ancienne Lorette

1366 est, rue Saint-Jacques,
G. Morneau

Beauport

655, avenue Royale, *F. Tardif*

Charlesbourg

4785, 1^{re} Avenue, *L. Carroll*
 6580, 1^{re} Avenue, *M. Boulanger*

Giffard

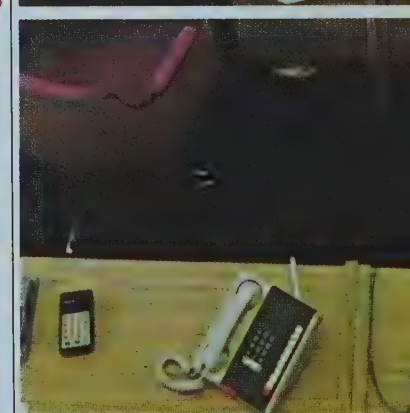
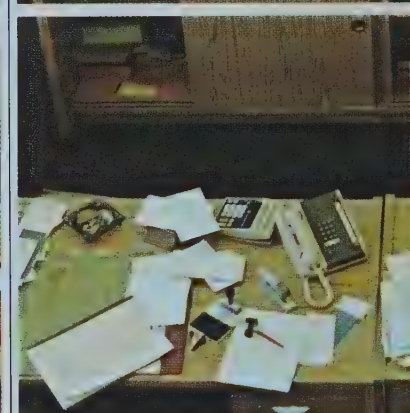
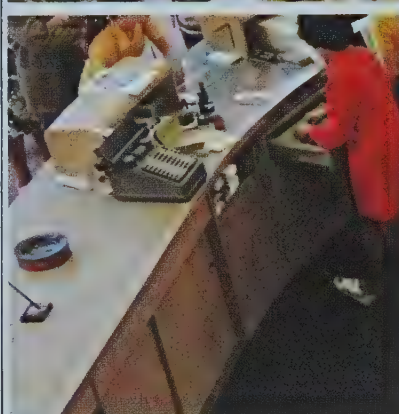
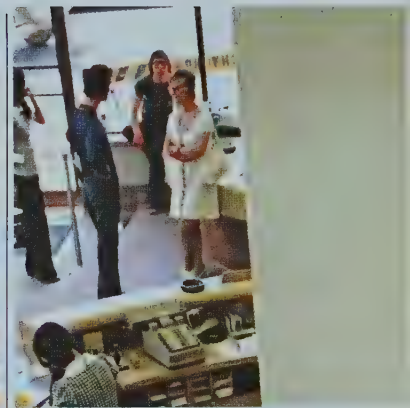
3295, avenue Royale,
J.-M. Lapointe

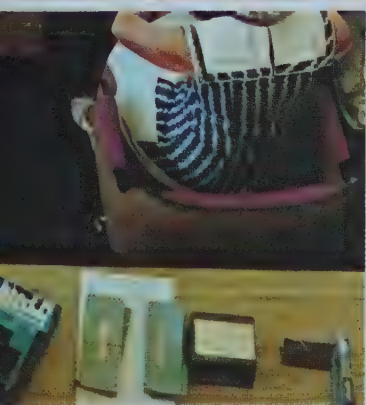
Lévis

111, rue Commerciale,
G. Labrecque
 113, rue Saint-Georges,
D. Boulet
 3 est, Trans-Canada
 (Rond-Point), *G. Bérubé*

Loretteville

190, rue Racine, *L. Hudon*





Sainte-Foy
1005, route de l'Église,
R. Turcotte
1146, avenue Fournier,
M. Leblond
853, avenue Myrand,
J.-E. Lavoie
2360, chemin Sainte-Foy,
(Centre Innovation), *G. Potvin*
2925, chemin Sainte-Foy,
M. Bernier

Sillery
1354, avenue Maguire,
J. Roberge
911 ouest, boulevard
Saint-Cyrille, *A. Martineau*
1160, chemin Saint-Louis,
A. Bernier

Vanier
260, avenue Rousseau, *Y. Boivin*

Other branches in Québec

Alma, *J. Lizotte*
Amqui, *J.-L. Tondreau*
Asbestos, *M. René*

Aylmer
79, rue Principale, *G. Labonté*
181, rue Principale,
N. Beauregard

Baie Comeau, *L.-A. Careau*
Baie Saint-Paul, *J. Lavoie*
Beauceville-Est, *G. Hould*
Boucherville
100, rue Montarville, *G. Voghell*
Breakeyville, *D. Laflamme*
Buckingham, *R. Plante*
Cap Chat, *C. Chartier*
Causapscal, *R. Fournier*
Charny, *R. Roussel*
Châteauguay-Centre,
264, boulevard d'Anjou,
J.-M. Tourigny

Chicoutimi
393 est, rue Racine, *A.-A. Lizotte*
1401, boulevard Talbot, (Place
du Royaume), *G. Lafrance*

Contrecoeur, *A. Lauzier*
Côteau-Landing, *G. Lalonde*
Danville, *S. Lapointe*
Dégelis, *J. Bélanger*
Disraéli, *J.-M. Huot*

Drummondville
226, rue Hériot, *D. Bourbonnière*
461, rue Lindsay, *L. Pinard*
229, rue Saint-Marcel,
N. Leblond

Gatineau, *D. Saint-Georges*
Gentilly, *J.-G. Renaud*
Granby, *G.-H. Brière*
Greenfield Park
340, rue Gladstone, *R. Roux*
Hauterive, *R. Morneau*

Hull
200, rue Champlain, *G. Caron*
161, rue Principale, *J. Gagnon*
745, boulevard Saint-Joseph,
J.-G. Beaulieu

Joliette, *R. Lacasse*
Jonquière, *R. Bellefleur*
Labelle, *G. Lefebvre*
Lac Etchemin, *P. Renaud*
Lachute, *J. Bossé*
Lac Mégantic, *J. Bergevin*
La Malbaie, *G. Falardeau*
Laurentides, *R. Roy*
L'Épiphanie, *J.-C. Loranger*
Louiseville, *R. Desbois*
Maniwaki, *J.-P. Lapointe*
Masson, *J. Dumont*
Matane, *D. Ouellet*
Montmagny, *G. Bujold*
Nicolet, *M. Laporte*
Nitro, Plaza K-Mart, *J.-L. Allard*
Notre-Dame-du-Lac, *R. Roy*
Oka, *R. Villeneuve*
Papineauville, *J.-G. Lanctôt*
Pierreville, *P. Faucher*
Pointe Gatineau, *A. Charron*

Repentigny
155, rue Notre-Dame, *D. Massé*
Rimouski, *J.-P. Lebel*
Rimouski-Est, *G. Plante*
Rivière-Bleue, *J. Lévesque*

Rivière-du-Loup
116, rue Lafontaine,
J.-Y. Laforest
298, boulevard Thériault,
R. Aubé

Rivière-du-Loup Station,
A. Soucy
Sainte-Adèle, *J. Cousineau*
Saint-Agapitville, *R. Dumas*
Sainte-Agathe-des-Monts,
D. Demers
Saint-André-Avellin, *R. Durivage*
Sainte-Anne-des-Plaines,
R. Arpin
Saint-Anselme, *G. Proulx*
Saint-Barthélemy, *A. Dufour*
Saint-Basile-le-Grand,
R. Turgeon

Branches

Saint-Clet, *R. Cédras*
Sainte-Croix-de-Lotbinière,
C. Rhéaume
Saint-Donat, *S. Falardeau*
Saint-Eustache,
J.-M. Létourneau
Saint-Flavien, *L. Boulanger*
Saint-Gabriel, *P. Racine*
Saint-Guillaume, *R. Masse*
Saint-Hyacinthe
1690, rue Girouard, *G. Milot*
Saint-Jean, Place Saint-Jean,
F. Chalifoux
Saint-Jean-Port-Joli, *J.-L. Drolet*
Saint-Jérôme, *R. Deschamps*
Saint-Joseph-du-Lac,
J. Thibodeau
Sainte-Julie-de-Verchères,
J. Dalcourt
Saint-Pascal-de-Kamouraska,
M. Paquet
Saint-Polycarpe, *R. Gagné*
Saint-Raphaël, *C.-H. Dubé*
Saint-Romuald, *C. Simoneau*
Sainte-Thérèse
120, rue Turgeon, *B. Lachance*
Sayabec, *Y. Lapointe*
Sept-Îles
350, rue Smith, Édifice Le
Concorde, *R. Tremblay*
Shawinigan, *G. Robitaille*

Sherbrooke
451 est, rue King, *L. Bouchard*
1405 ouest, rue King,
A. Robichaud
11 nord, rue Wellington,
H. Gagnon

Sorel, *R. Messier*
Terrebonne
802, rue Saint-Pierre,
R. Cousineau
Thetford-Mines
110 nord, rue Notre-Dame,
R. Labbé
Thurso, *D. Coulombe*
Tracy, *F. Grégoire*
Trois-Pistoles, *M. Proulx*

Trois-Rivières
1433, rue Notre-Dame,
J.-L. Laroche
935, rue Saint-Maurice,
J. Hérault

Valleyfield
50, rue Dufferin, *A.-J. Crégheur*
68, rue Sainte-Cécile, *J.-C. Cyr*

Varennes, *A. Palardy*
Verchères, *P. Dépatie*
Victoriaville, *J.-P. Rodier*
Warwick, *J. Rouette*
Windsor, *Y. Bourque*
Yamachiche, *C. Richer*

Ontario

Alfred, *S. Cormier*
Belle River, *R. Saint-Pierre*
Cornwall, 305 Montréal Road,
M. Bourdon

Hamilton
447 Main Street East, *H. Gagnier*
750 Upper James Street,
G. Seeger

Mississauga
833 Westlock Road, *A. Steele*
Orléans, *J. Dupont*

Ottawa
2211 Arch Street, *R. Pronovost*
242 Rideau Street,
J.-L. Fréchette
160, Slater Street, *J.-D. Bourret*

Pembroke, *M. Desjardins*
Rockland, *V. Thibodeau*
Scarborough
3051 Pharmacy Avenue,
J.O.F. Arsenault
Tecumseh, *Y. Gervais*
Tilbury, *D. Borrie*

Toronto
885 Bloor Street West, *J. Asplin*
730 Danforth Avenue,
T. Constantinidis
1728 Eglinton Avenue West,
J. Pitirri
112 King Street West,
R. Beauséjour
1295 St. Clair Avenue West,
U. Forlini

Vanier, *R. Dupuis*

Windsor
999 Drouillard Road, *A. Masse*
1301 Grand Marais Road,
L. West
1599 Ottawa Street, *E. Moser*
500 Ouellette Avenue,
K. B. Liddle
4855 Tecumseh Road East,
P. Hébert
899 Wyandotte Street East,
C. Tognarelli

New Brunswick

Bathurst, *A. Henrie*
Campbellton, *A. Hébert*
Caraquet, *R. Basque*
Clair, *R. Richard*
Edmundston, *P. Laforest*
Edmunston-est, *C. Tremblay*
Fredericton, 636 Queen Street,
E. Melanson
Lamèque, *J.-M. Dostie*

Moncton
417 Elmwood Drive,
R. Deschênes
760 Main Street, *S. Poirier*
238 St. Georges Street, *D. Breau*

Norton, *E. J. Findlay*
Richibucto, *L.-P. Lévesque*
Saint-John, *E. J. Dance*
Saint-Joseph, *E. Bélanger*
Saint-Léonard, *J.-P. Lagacé*
Saint-Quentin, *A. Gagnon*
Shediac, 168½ rue Principale,
G. Cormier
Shippegan, *J. L. Deslauriers*
Tracadie, *R. Gélinas*

Prince Edward Island

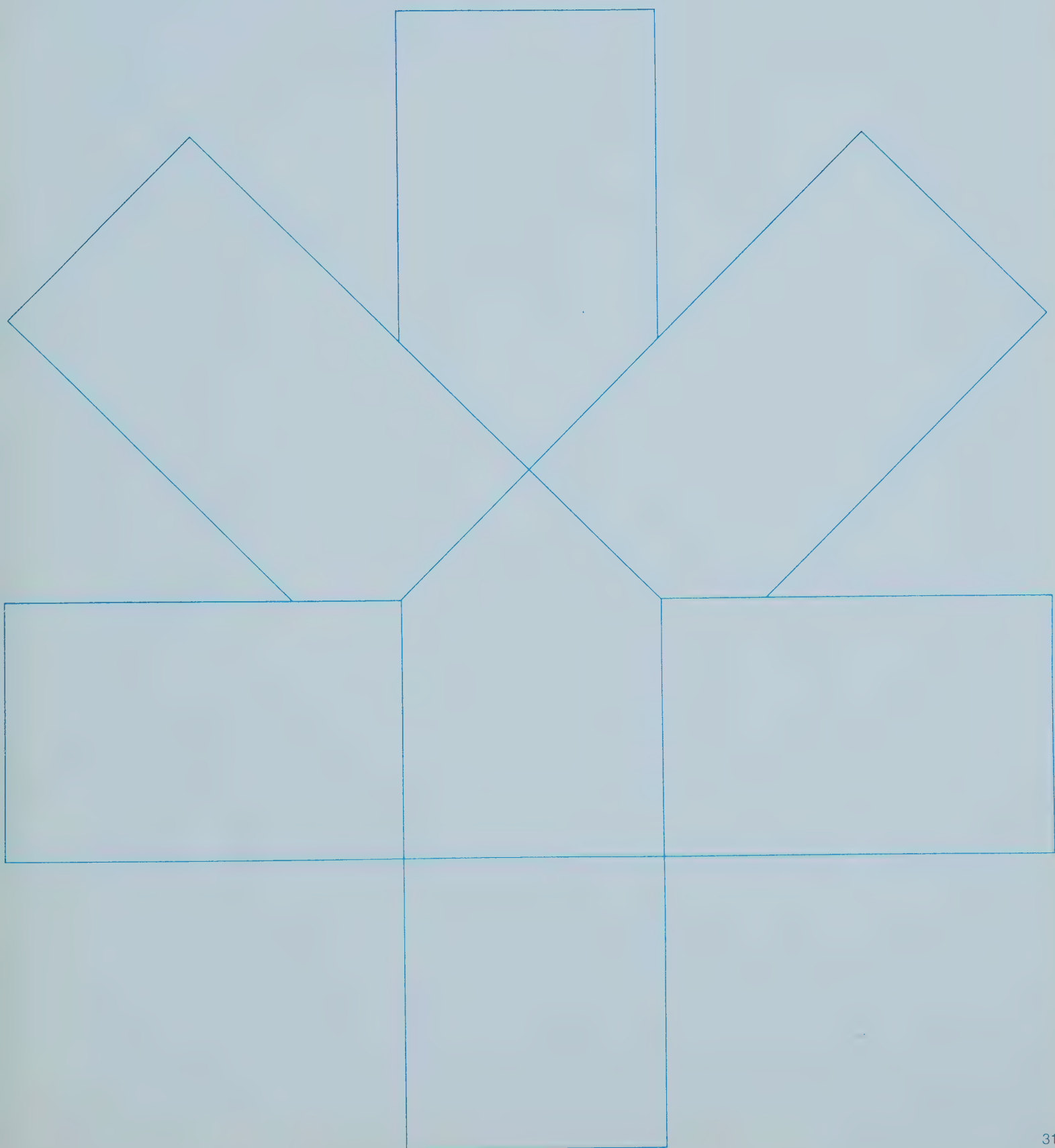
Charlottetown, *J. J. Arsenault*
Summerside, *R. Roy*

United States

New York, 680 Fifth Avenue,
A. Fournel

Head Office
221 Saint-Jacques Street
Montréal H2Y 1M7, Québec,
Canada

Telegraphic Address
Provibank, Montréal



report to shareholders

At the end of the first six-month period ended April 30, 1974, balance of revenue totals \$13,355,311 an increase of \$4,330,604 over the corresponding period, last year. The operating profit, after provision for income taxes, based on the average number of shares outstanding stands at \$1.15 compared to 87.7¢ in 1973. At April 30, 1974 assets total \$2,308,918,628 compared to \$1,907,198,773 a year earlier, which represents an increase of 21%. The trend of earnings, thus, continues to be favourable, in spite of uneasy economic and monetary conditions.

Léo Lavoie
President and Chief
Executive Officer

statement of revenue and expenses six months ended April 30

(subject to year-end adjustment and audit)

	1974	1973
REVENUE		
Income from loans	\$ 85,025,798	\$ 53,191,815
Income from securities	11,464,551	10,788,803
Other operating revenue	6,464,837	5,330,581
Total revenue	102,955,186	69,311,199
EXPENSES		
Interest on deposits and bank debentures	62,694,349	39,083,257
Salaries, pension contributions and other staff benefits	16,018,108	13,045,657
Property expenses, including depreciation	4,907,113	4,015,065
Other operating expenses, including provision for losses on loans based on five-year average loss experience	5,980,305	4,142,513
Total expenses	89,599,875	60,286,492
Balance of revenue	13,355,311	9,024,707
Provision for income taxes relating thereto	6,640,000	4,380,000
Balance of revenue after provision for income taxes (Note 1)	\$ 6,715,311	\$ 4,644,707
Per share (Note 2)	\$ 1.15	87.7¢
Dividends declared in the period	\$ 2,573,972	\$ 2,132,000
Per share	44¢	41¢

Extract from the statement of assets and liabilities as at April 30

Total assets	\$2,308,918,628	\$1,907,198,773
Total deposits	\$2,190,151,125	\$1,801,122,137

Notes: 1. The amount of the transfer to appropriations for losses can only be determined at the end of the financial year and no provision has been made in the interim statement.

2. Based on the average number of shares outstanding (1974, 5,841,730 — 1973, 5,299,008)

6 months
ended
April 30,
1974
interim
statement
to
shareholders
the provincial bank
of Canada

AR50

rapport aux actionnaires

A la fin du premier semestre terminé le 30 avril 1974, le solde des revenus s'élève à \$13,355,311 soit une augmentation de \$4,330,604 sur le premier semestre de l'exercice précédent. Après les provisions pour impôts, il s'agit d'un résultat par action de \$1.15 comparativement à 87.7¢ en 1973, si l'on se base sur la moyenne des actions en circulation. L'actif au 30 avril 1974 atteint \$2,308,918,628 comparativement à \$1,907,198,773; il s'agit d'une augmentation de 21%. Les résultats encourageants du début de l'exercice se sont donc maintenus pendant tout le semestre, malgré une conjoncture économique et monétaire difficile et qui demeure incertaine.

Le président et chef
de la direction
Léo Lavoie

état des revenus et dépenses pour les six mois terminés le 30 avril

(sous réserve de la vérification et des ajustements en fin d'exercice)

	1974	1973
REVENUS		
Revenus des prêts	\$ 85,025,798	\$ 53,191,815
Revenus des valeurs	11,464,551	10,788,803
Autres revenus d'exploitation	6,464,837	5,330,581
Total des revenus	102,955,186	69,311,199
DÉPENSES		
Intérêts sur dépôts et débetures	62,694,349	39,083,257
Traitements, contributions aux caisses de retraite et autres prestations au personnel	16,018,108	13,045,657
Frais des établissements, incluant les amortissements	4,907,113	4,015,065
Autres frais d'exploitation, incluant provision pour pertes sur prêts d'après la moyenne des pertes au cours des cinq derniers exercices	5,980,305	4,142,513
Total des dépenses	89,599,875	60,286,492
Solde des revenus	13,355,311	9,024,707
Provision pour impôts sur le revenu y relatifs	6,640,000	4,380,000
Solde des revenus après provision pour impôts (note 1)	\$ 6,715,311	\$ 4,644,707
Par action (note 2)	\$ 1.15	87.7¢
Dividendes déclarés durant la période	\$ 2,573,972	\$ 2,132,000
Par action	44¢	41¢

Extrait de l'état de l'actif et du passif au 30 avril

Total de l'actif	\$2,308,918,628	\$1,907,198,773
Total des dépôts	\$2,190,151,125	\$1,801,122,137

Notes: 1. Le montant à être affecté aux réserves pour pertes ne peut être déterminé qu'à la fin de l'exercice financier et aucune provision n'est faite pour les états intermédiaires.

2. D'après la moyenne des actions émises (1974, 5,841,730 — 1973, 5,299,008)

6 mois
au
30 avril
1974
compte
rendu
aux
actionnaires
la banque provinciale
du canada